

Message Text

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40

ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 L-02 NSC-05 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 SAJ-01 EB-07

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SS-15 /074 W

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R 111511Z APR 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 9190

INFO AMCONSUL LENINGRAD

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION NATO

LIMITED OFFICIAL USE MOSCOW 5065

E. O. 11652; GDS

TAGS: EFIN, UR, R, UK

SUBJ: NEW EURODOLLAR LOAN TO USSR FOREIGN TRADE BANK

1. US FINANCIER DAVID KARR OF LAZARD FRERES ANNOUNCED SIGNATURE IN MOSCOW APRIL 11 OF US DOLS 250 MILLION EURODOLLAR LOAN TO USSR BANK FOR FOREIGN TRADE (VNESHTORGBANK). TERMS ARE FIVE AND ONE-HALF YEARS AT FLOATING INTEREST RATE OF ONE AND ONE-EIGHT PERCENT OVER LONDON INTER-BANK RATE (LIBOR). LOAN MADE BY CONSORTIUM LED BY LAZARD FRERES WITH MORGAN GUARANTY AND BANQUE NATIONALE DE PARIS AS CO-MANAGERS. KARR DESCRIBED LOAN AS LARGEST EURODOLLAR LOAN EVER MADE TO VNESHTORGBANK.

2. COMMENT. NEGOTIATIONS FOR THIS LOAN HAVE BEEN UNDERWAY FOR SOME TIME WITH NUMEROUS VISITS TO MOSCOW BY KARR AND VARIOUS MORGAN GUARANTY OFFICIALS. EMBASSY RELIABLY INFORMED BY US BANKING OFFICIALS RESIDENT IN MOSCOW THAT LOAN IS STILL OPEN, WITH GOOD POSSIBILITY THAT IT MAY INCREASE TO AS MUCH
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AS US DOLS 300 MILLION WITHIN NEXT FEW MONTHS. IT IS ALSO

ESTIMATED THAT AS MANY AS 25 OR 30 BANKS MAY BE MEMBERS OF
CONSORTIUM. ALL ARE BELIEVED TO BE EUROPEAN EXCEPT FOR MORGAN
GUARANTY. ALTHOUGH SPREAD OVER LIBOR HAS BEEN ANNOUNCED
AT ONE AND ONE-EIGHT, ADDITIONAL COMMISSIONS WILL IN EFFECT
RAISE SPREAD TO ABOUT ONE AND ONE-HALF OVER LIBOR.
STOESSEL

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